

Rep. Peter Welch called for increased transparency in the American International Group's use of taxpayer funds Wednesday at a House Committee on Oversight and Government Reform subcommittee hearing.

In light of last week's announcement that the Treasury and the Federal Reserve intend to offer an additional \$30 billion in Troubled Asset Relief Program funds to AIG, Welch told the committee that American taxpayers deserve to know how AIG has spent money it has already received.

At the hearing, called "Assessing Treasury's Efforts to Prevent Waste and Abuse of TARP Funds," Welch delivered the following statement ([Video of Rep. Welch's statement can be found by clicking here](#)):

"Today I'd like to highlight a recent and troublesome development in TARP's oversight capabilities - specifically the announcement that TARP may provide an additional \$30 billion to the American International Group (AIG).

"Last fall, Treasury used \$40 billion in TARP funds to purchase preferred stock in AIG. The goal of this purchase, we were told, was to help return AIG to stable footing and eliminate the risk that its collapse would pose to the financial system. But as of March 2, 2009, \$30 billion in additional TARP funds have been designated to act as a cash reserve for AIG, ostensibly to be used in the event that it should prove unable to fulfill its credit default swap obligations.

"This new use of funds is a significant departure from previous TARP assistance to AIG and presents barriers to effective oversight. Thus far, AIG has been unwilling to provide significant information on which financial institutions - either domestic or foreign - are counterparties to its outstanding credit default swaps. This is why, for example, we still do not know who received much of the money that the Federal Reserve gave to AIG.

"What I want to know is:

Does Treasury agree that AIG can fulfill credit default swap obligations with taxpayer money from TARP? If so,

Does Treasury plan to track what AIG does with this money? If so,

What plans has Treasury made to compel AIG to release this information to Treasury?

"If Treasury must extend the availability of more TARP funds to AIG, I strongly urge that the relevant other oversight bodies do whatever is necessary to track where this money goes. If taxpayers must act as a backstop to AIG's counterparties, then taxpayers have a right to know who those counterparties are.

"Again, I thank the Chairman and Ranking Member for convening this Subcommittee hearing and look forward to working with the Subcommittee to address this issue in the future."